

**SALES AND USE TAX REVIEW COMMISSION  
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER:**

S-1765

**DATE OF INTRODUCTION:**

May 8, 2008

**SPONSOR:**

Senator Anthony R. Bucco

**DATE OF RECOMMENDATION:**

June 12, 2008

**IDENTICAL BILL:**

**COMMITTEE:**

Senate Economic Growth Committee

**DESCRIPTION:**

This legislative proposal provides a sales and use tax exemption for the purchase of certain high-efficiency home heating equipment.

**ANALYSIS:**

This Bill proposes to eliminate sales tax on the purchase of the energy-efficient home heating equipment. Generally, this burden is borne at that time of purchase directly by a contractor hired to install a new unit or component. In theory, the contractor passes on these costs, including sales tax paid and reasonable markup to the property owner as the cost of the materials installed. In accordance with current sales tax law, this resulting cost for materials is not directly taxed to the consumer. If the exemption were available to the contractor upon his purchase, the consumer, who receives an estimate on the installation, may or may not receive the benefit of the resulting tax savings.

Further, energy prices are currently so high that a sales tax exemption is not necessary to motivate energy-conscious purchases.

Finally, the passage of this Bill would also encourage other products that also meet the energy efficiency standards of the Energy Star program to seek a similar exemption. These products currently include home appliances, home electronics, office equipment and lighting. Currently, the WarmAdvantage program administered by the Board of Public Utilities under the New Jersey's Clean Energy Program provides cash rebates for home heating equipment that meets certain standards. The Board of Public Utilities seems the more appropriate venue to advance further energy initiatives.

**RECOMMENDATION:**

The Commission does not recommend enactment of this Bill.

**COMMISSION MEMBERS FOR PROPOSAL: 1**

**COMMISSION MEMBERS AGAINST PROPOSAL: 4**

**COMMISSION MEMBERS ABSTAINING: 0**